



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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March 2, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley 
Auditor-Controller

**SUBJECT: CATHOLIC CHARITIES OF LOS ANGELES CONTRACT – REFUGEE
EMPLOYMENT PROGRAM**

We have conducted a program and fiscal contract review of Catholic Charities of Los Angeles (Catholic Charities or Agency), a Refugee Employment Program (REP or Program) Central Intake Unit. The review was conducted by the Auditor-Controller's Countywide Contract Monitoring Division.

Background

The Department of Public Social Services (DPSS) contracts with Catholic Charities, a private, non-profit, community-based organization to determine eligibility for refugees who have resided in the United States for less than five years. The Agency's services include determining the need for services, assessing employability and English speaking ability, referring and assigning the refugee to an appropriate job-training and employment service provider, and monitoring program participants' progress. The Agency serves residents of the First, Second, Third, Fourth and Fifth Districts.

DPSS pays Catholic Charities a fixed fee for each type of service based on budgeted program costs and anticipated service levels. For Fiscal Year 2004-05, DPSS paid Catholic Charities approximately \$1.2 million.

"To Enrich Lives Through Effective and Caring Service"

Purpose/Methodology

The purpose of the review was to determine whether Catholic Charities has complied with its contract terms and appropriately accounted for and spent program funds on allowable and reasonable expenditures. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

Results of Review

Overall, Catholic Charities provided services required by the County contract using the appropriate number of staff who possessed the qualifications required by the County contract. The program participants stated that the services they received from Catholic Charities generally met their expectations. In addition, Catholic Charities' program funds were appropriately accounted for and costs were allocated and spent on allowable expenditures.

Review of Report

On February 6, 2006, we discussed our report with Catholic Charities' management. In their attached response, Catholic Charities' management concurred with our report. We also notified DPSS of the results of our review.

We thank Catholic Charities for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Bryce Yokomizo, Director, Department of Public Social Services
Brenda Thomas, Department Director, Catholic Charities of Los Angeles
Public Information Office
Audit Committee

**REFUGEE EMPLOYMENT PROGRAM
CATHOLIC CHARITIES OF LOS ANGELES
FISCAL YEAR 2005-2006**

ELIGIBILITY

Objective

Determine whether Catholic Charities of Los Angeles (Catholic Charities or Agency) provided services to individuals that meet the eligibility requirements of the Refugee Employment Program (REP).

Verification

We selected a sample of 65 (20%) program participants from a total of 327 that received services during August 2005 and reviewed the case files for documentation to confirm their eligibility for program services.

Results

All program participants sampled were eligible to receive program services. Catholic Charities also maintained appropriate documentation to support the participants' eligibility.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether Catholic Charities provided the services billed in accordance with their contract and the program participants actually received those services.

Verification

We reviewed the documentation contained in 65 (20%) of 327 program participants' case files that received services in August 2005. We also interviewed 42 program participants to confirm that the services Catholic Charities billed to Department of Public Social Services (DPSS) were provided in accordance with their contract. Our sample represented \$33,025 (39%) of \$84,920 that Catholic Charities billed the DPSS during August 2005.

Results

Catholic Charities provided employment services to the participants in accordance with their contract. In addition, the program participants interviewed stated that the services they received from Catholic Charities met their expectations.

Recommendation

There are no recommendations for this section.

SERVICE/STAFFING LEVELS**Objectives**

Determine whether Catholic Charities' actual service and staffing levels met the levels required by the County contract.

Verification

We interviewed 12 Catholic Charities staff and reviewed Catholic Charities' employee rosters. In addition, we reviewed billing statements for July, August and September 2005 and compared them to Catholic Charities' proposed service levels for the same periods.

Results

Catholic Charities' reported service levels for the period decreased by approximately 27% due to a reduction in the number of participant cases referred to the Agency by DPSS. The Agency's actual staffing levels of approximately 19 Full Time Equivalent staff remained at the planned level. The Agency indicated that the staffing levels are monitored and if the changes in the service levels consistently remain low they will adjust their staffing level proportionately. Although staffing levels have not decreased in proportion to the drop in service levels, the overall effect does not impact the level of services provided by the Contractor or the corresponding rates charged.

Recommendation

There are no recommendations for this section.

STAFFING QUALIFICATIONS**Objective**

Determine whether Catholic Charities' staff possessed the qualifications required by the contract.

Verification

We reviewed the personnel files of 12 (52%) of 23 staff for documentation to confirm staff qualifications.

Results

Each staff sampled possessed the required employment eligibility verification, training, reading, writing and speaking requirements identified in the contract.

Recommendation

There are no recommendations for this section.

CASH/REVENUES**Objective**

Determine whether cash receipts are properly recorded in the contractor's records and deposited timely in the contractor's bank account. Determine whether bank reconciliations are properly prepared and reconciling items are valid and cleared in a timely manner. In addition, determine whether there are adequate controls over cash and the Agency is reporting all revenue sources as required.

Verification

We reviewed copies of the bank reconciliations prepared by the Agency for August 2005 and reviewed financial records to verify that the cash receipts are properly recorded and deposited timely. We also reviewed Catholic Charities' cash and revenue procedures.

Results

Catholic Charities properly recorded and deposited cash receipts timely in the Agency's bank account. Catholic Charities also performs monthly reconciliations to ensure adequate controls over cash. In addition, reconciling items appeared valid and were cleared in a timely manner. Catholic Charities reported all revenue as required per the County contract.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records, and reviewed documentation for six non-personnel expenditure transactions billed by the Agency for August 2005 totaling \$10,298.

Results

Catholic Charities' expenses were allowable, accurately billed to DPSS and properly documented as required.

Recommendation

There are no recommendations for this section.

INTERNAL CONTROLS**Objective**

To determine whether the contractor maintained sufficient internal controls over its business operations.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, and tested transactions in various areas such as cash, expenditures, payroll and personnel.

Results

Catholic Charities maintained sufficient internal controls over its business operations.

Recommendation

There are no recommendations in this section.

FIXED ASSETS**Objective**

Determine whether Catholic Charities' purchases made with program funds are used for the program and that assets are safeguarded and accurately accounted for.

Verification

We interviewed Catholic Charities personnel and reviewed the Agency's equipment inventory listing. In addition, we reviewed the usage of three assets funded by REP funds, totaling \$98,101.

Results

Catholic Charities' fixed assets purchased with program funds were used for the program. In addition, the Agency adequately safeguarded and monitored the fixed assets.

Recommendation

There are no recommendations in this section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the program. In addition, determine whether personnel files are maintained as required.

Verification

We reviewed payroll expenditures for 12 employees during August 2005, totaling \$14,631. We also interviewed staff and reviewed the personnel files of staff assigned to the program.

Results

The Agency program staff salaries were properly supported and appropriately charged to the program. Catholic Charities also maintained personnel files as required per the County contract.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN**Objective**

Determine whether Catholic Charities' Cost Allocation Plan (CAP) was prepared in compliance with the County contract and applied to program costs.

Verification

We reviewed Catholic Charities' CAP and reviewed a sample of expenditures incurred by the Agency during August 2005.

Results

Catholic Charities' CAP was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP**Objective**

To determine the status of the recommendations reported in the prior monitoring review.

Verification

We reviewed the most current monitoring report issued to the Agency and the Agency's corrective action plan.

Results

Catholic Charities implemented the recommendations contained in the prior monitoring report in accordance with their corrective action plan.

Recommendation

There are no recommendations in this section in this section.



Reverend Monsignor Gregory A. Cox
Executive Director

Brenda Thomas
Director

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February 8, 2006

J. Tyler McCauley
Los Angeles County Auditor-Controller
500 W Temple, Room 525
Los Angeles, CA 90012

Dear Mr. McCauley:

Contract Review Response

We have reviewed the report issued by your Department regarding the Catholic Charities of Los Angeles Refugee Employment Program Contract and are in agreement with the findings. Since there were no findings or recommendations, a corrective action plan is not applicable.

Your review team, lead by Ruchika Bharadwaj and Barbara Noble, conducted the review with professionalism and efficiency.

Please call me if you have any questions at (213) 251-3481.

Sincerely,

A handwritten signature in cursive script that reads "Brenda Thomas".

Brenda Thomas
CIU Department Director



Serving All People

